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## Related in Deal to Buy Distressed Debt on Stalled Chicago Spire Project

By Maura Webber Sadovi

[Stephen Ross](#)'s Related Cos. of New York has an agreement to buy the discounted debt on the stalled Chicago Spire condominium property where North America's tallest building was once slated to rise, according to a person familiar with the deal.



An artist rendering, from 2008, of the Chicago Spire  
Bloomberg News

Ireland's National Asset Management Agency, or NAMA, a so-called bad bank charged with managing that country's distressed real estate assets, put the \$93 million in soured debt, accumulated interest and penalties it holds on the downtown Chicago property up for sale earlier this year. Related and a spokesman for NAMA declined to comment.

It's not clear how much Related Midwest, a unit of Related of New York, has agreed to pay for the loan. But the price is likely to be a substantial discount to the debt because the new note holder faces the additional cost

and risks associated with resolving a long-running foreclosure case in order to gain title. The property has been ensnarled in litigation for years.

The deal is expected to close this month and could still collapse.

Irish developer Garrett Kelleher's firm still holds title to the parcel where he had planned to build a 2,000-foot tall condo tower designed by Spanish architect Santiago Calatrava. He initially bought the raw land for \$64 million in 2006 but construction stopped in 2008 as the recession hit. The downtown parcel near the city's popular Navy Pier offers views of Lake Michigan.

Related's acquisition of the debt raises the likelihood that a project will move forward at the site, which currently just has a foundation hole dug. But for Related to begin construction, it would first have to take title to the property or cut a deal with Mr. Kelleher.

Related is one of the largest developers in the country best known for Time Warner Center in New York. The company is the designated developer of the Hudson Yards project on the West Side of Manhattan and the Grand Avenue downtown redevelopment project in Los Angeles.

[Jones Lang LaSalle](#) is handling the debt sale for NAMA.

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